



# A Bidding War

## Social Studies

The market just isn't big enough for the two or should I say, the three of us. It's a showdown at noon. May the best child, or witch, win.

### National Standards > Economics

#### **NSS-EC.K-4.1, NSS-EC.5-8.1 Scarcity \* (Grade 4) (Grades 5 & 6)**

- People make choices because they can't have everything they want. Whenever a choice is made, something is given up.
- Scarcity is the condition of not being able to have all of the goods and services that one wants. It exists because human wants for goods and services exceed the quantity of goods and services that can be produced using all available resources.
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- Economic wants are desires that can be satisfied by consuming a good, service, or leisure activity.
- Like individuals, governments and societies experience scarcity because human wants exceed what can be made from all available resources.
- People's choices about what goods and services to buy and consume determine how resources will be used.
- Choices involve trading off the expected value of one opportunity against the expected value of its best alternative.

#### **NSS-EC.5-8.7 Markets -- Price and Quantity Determination \* (Grades 5 & 6)**

- Market prices are determined through the buying and selling decisions made by buyers and sellers.
- Relative prices refer to the price of one good or service compared to the prices of other goods and services. Relative prices are the basic measures of the relative scarcity of products when prices are set by market forces (supply and demand).
- The market clearing or equilibrium price for a good or service is the one price at which quantity supplied equals quantity demanded.
- If a price is above the market clearing price, it will fall, causing sellers to produce less and buyers to purchase more; if it is below the market clearing price, it will rise, causing sellers to produce more and buyers to purchase less.

### Kentucky: Social Studies > Economics

2. Students shall develop their abilities to apply core concepts and principles from mathematics, the sciences, the arts, the humanities, social studies, practical living studies, and vocational studies to what they will encounter throughout their lives.

#### **Economics (2.18)**

2.18 Students understand economic principles and are able to make economic decisions that have consequences in daily living.

## **Grades 4 & 5**

**SS-E-3.1.2** Consumers use goods and services to satisfy economic wants and needs.

## **Grade 6**

**SS-M-3.3.1** Prices of goods and services are determined by supply and demand. The market price is reached when quantity supplied equals quantity demanded.

### **Ohio: Social Studies > Economics**

- Use economic reasoning skills and knowledge of major economic concepts, issues, and systems in order to make informed choices as producers, consumers, savers, investors, workers, and citizens in an interdependent world.

#### **Benchmark(s) Grades 4 & 5**

- A. Explain the opportunity costs involved in the allocation of scarce productive resources. (personal decisions)
- C. Explain how competition affects producers and consumers in a market economy and why specialization facilitates trade. (supply and demand)

#### **Benchmark(s) Grade 6**

- A. Explain how the endowment and development of productive resources affect economic decisions and global interactions.
- B. Explain why trade occurs and how historical patterns of trade have contributed to global interdependence.

### **Objective**

Student will:

- Demonstrate an understanding of the concepts, "wants and needs."
- Demonstrate an understanding of the concepts, "supply and demand."
- Explain how decision-making is a factor in the satisfaction of wants and needs, and supply and demand.

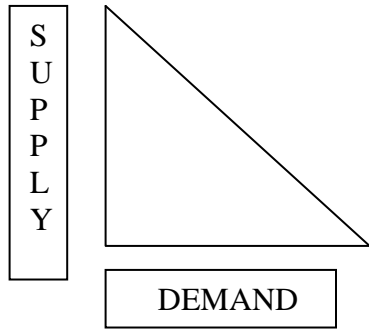
### **Assessment**

Students will be able to:

- Model a decision-making process when deciding what steps to take to satisfy wants and needs.

Sample items to gauge student understanding:

1. Define the following terms.
  - a. Want
  - b. Need
  - c. Supply
  - d. Demand
2. When supply is high, demand is high, and when supply is low, demand is low. True or False (*false, the two concepts work inverse of one another*)
3. Use the graph to provide the requested explanation.



In this box, explain the relationship between supply and demand as illustrated in the graph to the left.

### **Vocabulary**

- Wants
- Needs
- Decisions
- Alternatives

### **Materials**

- Plastic baggies
- Red, white and blue tokens
- Small bag filled with a food source (teddy grahams, etc)
- Handout: Decision Making Flowchart

### **Activity 1**

#### **Auction for Food**

##### **Teacher will:**

1. Introduce/review the economic concepts for wants and needs, *(Emphasize that all of these concepts involve and are dependent upon someone making a decision.)*
2. Have students reflect upon the story and production of Hansel and Gretel to recall the plot—a need to find food, and ask the question prompt:
  - a. Was the search for food to fulfill a want or a need? *(Want--to wish for or desire something; need--lack of something necessary for survival live--food, water, or shelter.)*
3. Facilitate class discussion to address the decisions made by the characters in their quest for food to fulfill wants and needs.
4. Emphasize that Hansel and Gretel's decisions came at a time of scarcity, there not being enough food for everyone. When such a situation occurs in real-life, the "market," the selling of goods and services is affected.
5. Introduce/review the concept of supply and demand with emphasis on the setting of price for goods and services determined through the buying and selling decisions made by buyers and sellers. These decisions impacted by people's choices to buy and consume, economic wants, and wants exceeding available resources.

6. Explain to students their opportunity to participate in a simulated activity to experience the relationship between supply and demand.
7. Provide students with the following instructions:
  - a. Students will assume the characters of Hansel and Gretel, having no food and being very hungry. They must travel into town to buy food at the auction.
  - b. Each student will receive a plastic baggy that contains blue, red, and white tokens. *(The tokens have a monetary value based in its colors--white = 3, red = 2, and blue = 1.)*
  - c. Students will bid with the use of tokens on the auction prize, a bag of food, the only available bag of food in the village. *(Explain how an auction works and how one bids.)*
  - d. Bidding will begin and the highest bidder wins.
8. Facilitate class discussion to examine the event and how the availability of one bag of food wanted and/or needed by several increased price. Question prompt: What occurred with regards to supply and demand?
9. Display, after the first bidding, a large supply of the same prize and explain that the auctioneer found additional bags of food to sell. In fact there is more than is needed by the bidders. Question prompts:
  - a. Now having an understanding of supply and demand, will the pricing be altered? Will bidders pay less or more?
  - b. Why were students motivated to pay higher prices at the first bidding? Would you have paid that price knowing there were additional bags of food?
10. Facilitate class discussion to reflect on the state of supply and demand of the food as portrayed in the play, Hansel and Gretel.

**Student will:**

1. Identify Hansel and Gretel's search for food as driven by want or need.
2. Actively participate in a simulated auction to experience the relationship between supply and demand.
3. Actively participate in class discussions.

**Activity Extensions**

- A parent will visit the classroom to come and talk to the students about how their family decisions are made with regards to needs versus wants.
- Students will provide examples of when they noticed a small supply of some product and what happened to the price of the product when it was in high demand. Also, provide example of when the supply was low and what happened to the price when no one wanted the product.

- Students will read another fairy tale in which the characters are making decisions based on wants and needs (e.g. Goldilocks and the Three Bears), and write a paragraph explaining how the characters made decisions that satisfied their wants and needs.

**Student Self-Selected Reading Suggestions.**

- Seidman, D. (2002). The Young Zillionaire's Guide to Supply and Demand. New York, NY : Rosen Central.

**Handout: Social Studies 4-6  
Decision Making Flowchart**

Name \_\_\_\_\_

